

## California Car Buyers' Protection Act of 2009

### New Law

Effective January 1, 2010, the California Car Buyers' Protection Act of 2009 becomes law. This law increases dealer, lessor-retailer, and auto broker license fees and requires a vehicle dealer to pay off the outstanding loan or lease balance on any vehicle accepted in trade within 21 calendar days. The law further prohibits a dealer from selling, consigning for sale, or transferring a vehicle accepted in trade before the outstanding loan or lease balance has been paid.

### Increases

All original and renewal dealer and lessor-retailer license fees will increase by \$25. The fee to add or renew an auto broker endorsement to an existing license will increase by \$50. The new fees are:

- |                            |       |
|----------------------------|-------|
| • Dealer license, original | \$175 |
| • Dealer license, renewal  | \$125 |
| • Auto Broker, original    | \$100 |
| • Auto Broker, renewal     | \$ 75 |

### New Information

Dealers are required to pay the outstanding loan or lease balance, or other specified amount agreed upon when the vehicle acquired through purchase or in trade has a prior loan or lease balance. The dealer **must** pay the legal owner or lessor shown on the ownership certificate the balance or specified amount within **21 calendar days** of purchasing or obtaining the vehicle in trade.

The dealer is not in violation of this section if notice of rescission of the contract is given reasonably and in good faith promptly, but no later than 21 days after the date the vehicle was purchased or obtained in trade, and the contract is thereafter rescinded on any of the grounds in *Civil Code* §1689.

### Background

The California Car Buyers' Protection Act of 2009 is a new law effective January 1, 2010. The act increases licensing fees and imposes certain requirements when a dealer obtains a vehicle in trade with a prior loan or lease balance.

## **References**

*California Vehicle Code (CVC) §4453.5*

*California Civil Code §1689*

## **Distribution**

Notification that this memo is available online, at **[dmv.ca.gov/pubs/olin/olin.htm](http://dmv.ca.gov/pubs/olin/olin.htm)** was made via E-Mail Alert Service in December 2009 to the following:

- Dealers
- Lessor-Retailers
- Registration Services

## **Contact**

Questions regarding this memo may be directed to the Occupational Licensing Operations Unit, at (916) 229-3126.

A handwritten signature in black ink, appearing to read 'Mary Garcia', with a stylized, flowing script.

MARY GARCIA, Chief  
Occupational Licensing